

SENATE BILL NO. 264

INTRODUCED BY M. WATERMAN

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING ALCOHOL TAXES TO BE USED TO FUND PRIVATE, FOR-PROFIT CHEMICAL DEPENDENCY TREATMENT PROGRAMS AND FORMEDICAID MATCHING FUNDS FOR ALCOHOLISM AND CHEMICAL DEPENDENCY PROGRAMS; AMENDING SECTIONS 16-1-404, 16-1-406, 16-1-411, 53-24-108, AND 53-24-206, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A TERMINATION DATE; AND PROVIDING A TERMINATION DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

SECTION 1. SECTION 16-1-404, MCA, IS AMENDED TO READ:

"16-1-404. License tax on liquor -- amount -- distribution of proceeds. (1) The department shall collect at the time of sale and delivery of any liquor under any provisions of the laws of the state of Montana a license tax of:

(a) 10% of the retail selling price on all liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed and that sold more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax pursuant to this section;

(b) 8.6% of the retail selling price on all liquor sold and delivered in the state by a company that manufactured, distilled, rectified, bottled, or processed and that sold not more than 200,000 proof gallons of liquor nationwide in the calendar year preceding imposition of the tax pursuant to this section.

(2) The license tax must be charged and collected on all liquor brought into the state and taxed by the department. The retail selling price must be computed by adding to the cost of the liquor the state markup as designated by the department. The license tax must be figured in the same manner as the state excise tax and is in addition to the state excise tax. The department shall retain in a separate account the amount of the license tax received. The department, in accordance with the provisions of 15-1-501, shall allocate the revenue as follows:

(a) Thirty percent is allocated to the counties according to the amount of liquor purchased in each county to be distributed to the incorporated cities and towns, as provided in subsection (4).

(b) Four and one-half percent is allocated to the counties according to the amount of liquor

1 purchased in each county, and this money may be used for county purposes.

2 (c) Sixty-five and one-half percent must be deposited in the state special revenue fund to the
3 credit of the department of public health and human services for the treatment, rehabilitation, and
4 prevention of alcoholism and chemical dependency.

5 (3) (a) In the case of purchases of liquor by a retail liquor licensee for use in the licensee's
6 business, the department shall make regulations necessary to apportion that proportion of license tax so
7 generated to the county where the licensed establishment is located, for use as provided in 16-1-405.

8 (b) The department shall pay quarterly to each county treasurer the proportion of the license tax
9 due each county, in accordance with the provisions of 15-1-501, to be allocated to the incorporated cities
10 and towns of the county. The payments to counties under this section are statutorily appropriated, as
11 provided in 17-7-502.

12 (4) The license tax proceeds allocated to the county under subsection (2) for use by cities and
13 towns must be distributed by the county treasurer to the incorporated cities and towns within 30 days
14 of receipt from the department. The distribution of funds to the cities and towns must be based on the
15 proportion that the gross sale of liquor in each city or town is to the gross sale of liquor in all of the cities
16 and towns of the county.

17 (5) The license tax proceeds that are allocated to the department of public health and human
18 services for the treatment, rehabilitation, and prevention of alcoholism and chemical dependency must be
19 credited quarterly to the department of public health and human services. The legislature may appropriate
20 a portion of the license tax proceeds to support alcohol and chemical dependency programs. The remainder
21 must be distributed as provided in 53-24-206."

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23 **SECTION 2. SECTION 16-1-406, MCA, IS AMENDED TO READ:**

24 **"16-1-406. Taxes on beer.** (1) A tax of \$4.30 per barrel of 31 gallons is imposed on each barrel
25 of beer sold in Montana by a wholesaler. The tax is due at the end of each month from the wholesaler
26 upon beer sold by the wholesaler during that month. The department shall compute the tax due on beer
27 sold in containers other than barrels or in barrels of more or less capacity than 31 gallons.

28 (2) Each quarter, in accordance with the provisions of 15-1-501, of the tax collected pursuant to
29 subsection (1), an amount equal to:

30 (a) \$1 must be deposited in the state treasury to the credit of the department of public health and

1 human services for the treatment, rehabilitation, and prevention of alcoholism and chemical dependency;

2 (b) 50 cents must be deposited in the state general fund; and

3 (c) \$2.80 must be deposited with the state treasurer to the credit of the incorporated cities and
4 towns beer tax account in the state special revenue fund.

5 (3) (a) The money in the incorporated cities and towns beer tax account is statutorily appropriated,
6 as provided in 17-7-502, to the department, which shall, monthly, distribute this amount of money to the
7 incorporated cities and towns in the direct proportion that the population of each city and town bears to
8 the total population of all incorporated cities and towns as shown in the latest official federal census as
9 adjusted by the most recent population estimates published by the U.S. bureau of the census. For cities
10 and towns incorporated after the latest official federal census, the census must be determined as of the
11 date of incorporation as evidenced by the certificate of the incorporating officials of that city or town. If
12 a city or town disincorporates, it may not receive any funds under this section and the amount previously
13 distributed to the city or town must be distributed to the remaining incorporated cities and towns. All funds
14 received by cities and towns under this section must be expended for state purposes, such as law
15 enforcement, maintenance of the transportation system, and public health.

16 (b) The department may adjust population estimates only on the July 1 following the date of
17 publication of the estimates by the U.S. bureau of the census. The adjusted distribution formula must
18 remain in effect for the entire fiscal year."

19
20 **SECTION 3. SECTION 16-1-411, MCA, IS AMENDED TO READ:**

21 **"16-1-411. Tax on wine and hard cider -- penalty and interest.** (1) (a) A tax of 27 cents per liter
22 is imposed on table wine, except hard cider, imported by a table wine distributor or the department.

23 (b) A tax of 3.7 cents per liter is imposed on hard cider imported by a table wine distributor or the
24 department.

25 (2) The tax imposed in subsection (1) must be paid by the table wine distributor by the 15th day
26 of the month following sale of the table wine or hard cider from the table wine distributor's warehouse.
27 Failure to file a tax return or failure to pay the tax required by this section subjects the table wine
28 distributor to the penalties and interest provided for in 15-1-216.

29 (3) The tax paid by a table wine distributor in accordance with subsection (2) must, in accordance
30 with the provisions of 15-1-501, be distributed as follows:

(a) 59% to the state general fund;

(b) 31% to the state special revenue fund to the credit of the department of public health and human services for the treatment, rehabilitation, and prevention of alcoholism and chemical dependency;

(c) 5% is statutorily appropriated, as provided in 17-7-502, to the department for allocation to the counties, based on population, for the purpose established in 16-1-404; and

(d) 5% is statutorily appropriated, as provided in 17-7-502, to the department for allocation to the cities and towns, based on population, for the purpose established in 16-1-405.

(4) The tax computed and paid in accordance with this section is the only tax imposed by the state or any of its subdivisions, including cities and towns.

(5) For purposes of this section, the following definitions apply:

(a) "Based on population" means:

(i) for counties, the direct proportion that the population of each county bears to the total population of all counties as shown in the latest official federal census as adjusted by the most recent population estimates published by the U.S. bureau of the census as provided in 16-1-406; and

(ii) for cities, the distribution described in 16-1-406; and

(b) "Table wine" has the meaning assigned in 16-1-106, but does not include hard cider."

Section 4. Section 53-24-108, MCA, is amended to read:

"53-24-108. Use of funds generated by taxation on alcoholic beverages. (1) Revenue generated by 16-1-404, 16-1-406, and 16-1-411 AND ALLOCATED TO THE DEPARTMENT to BE USED IN state-approved private, ~~nonprofit~~ or public programs whose function is the treatment, rehabilitation, and prevention of alcoholism, WHICH FOR THE PURPOSES OF THIS SECTION INCLUDES CHEMICAL DEPENDENCY, may be distributed in ~~either ONE~~ ANY of the following ~~manner~~ WAYS:

(a) as payment of fees for alcoholism services provided by state-approved private, ~~nonprofit~~ or public alcoholism programs and licensed hospitals for detoxification services; ~~or~~

(b) as grants to state-approved private, ~~nonprofit~~ or public alcoholism programs; OR

(C) AS MATCHING FUNDS FOR THE MONTANA MEDICAID PROGRAM ADMINISTERED BY THE DEPARTMENT THAT ARE USED FOR ALCOHOLISM AND CHEMICAL DEPENDENCY PROGRAMS.

~~(2) State-approved private chemical programs organized for profit are not eligible for revenue generated by 16-1-404, 16-1-406, and 16-1-411.~~

(2) AFTER PROVIDING FUNDING PURSUANT TO 53-24-206(3)(B) OF AT LEAST AT PREVIOUS BIENNIUM LEVELS \$1 MILLION A YEAR, SERVICES PROVIDED BY FUNDING UNDER THIS CHAPTER MAY INCLUDE TREATMENT AND REHABILITATION FOR PERSONS WITH CO-OCCURRING MENTAL ILLNESS AND CHEMICAL DEPENDENCY, BUT THE TOTAL AMOUNT EXPENDED MAY NOT EXCEED \$1,300,000 IN EACH BIENNIUM.

~~(3)(2)(3)~~ A person operating a state-approved alcoholism program may not be required to provide matching funds as a condition of receiving a grant under subsection (1).

~~(4)(3)(4)~~ In addition to funding received under this section, a person operating a state-approved alcoholism program may accept gifts, bequests, or the donation of services or money for the treatment, rehabilitation, or prevention of alcoholism.

~~(5)(4)(5)~~ A person receiving funding under this section to support operation of a state-approved alcoholism program may not refuse alcoholism treatment, rehabilitation, or prevention services to a person solely because of that person's inability to pay for those services.

~~(6)(5)(6)~~ A grant made under this section is subject to the following conditions:

(a) The grant application must contain an estimate of all program income, including income from earned fees, gifts, bequests, donations, and grants from other than state sources during the period for which grant support is sought.

(b) Whenever, during the period of grant support, program income exceeds the amount estimated in the grant application, the amount of the excess must be reported to the grantor.

(c) The excess must be used by the grantee under the terms of the grant in accordance with one or a combination of the following options:

(i) use for any purpose that furthers the objectives of the legislation under which the grant was made; or

(ii) to allow program growth through the expansion of services or for capital expenditures necessary to improve facilities where services are provided.

~~(7)(6)(7)~~ Revenue generated by 16-1-404, 16-1-406, and 16-1-411 for the treatment, rehabilitation, and prevention of alcoholism that has not been encumbered for those purposes by the counties of Montana or the department must be returned to the state special revenue fund for the treatment, rehabilitation, and prevention of alcoholism within 30 days after the close of each fiscal year and must be distributed by the department the following year as provided in 53-24-206(3)(b)."

1 **Section 5.** Section 53-24-206, MCA, is amended to read:

2 **"53-24-206. Administration of financial assistance.** (1) The department may apply for and receive
3 grants, allotments, or allocations of funds or other assistance for purposes pertaining to the problems of
4 chemical dependency or related social problems under laws and rules of the United States, any other state,
5 or any private organization.

6 (2) The department may cooperate with any other government agency or private organization in
7 programs on chemical dependency or related social problems. In carrying out cooperative programs, the
8 department may make grants of financial assistance to government agencies and private organizations
9 under terms and conditions agreed upon.

10 (3) (a) In administering proceeds derived from the liquor license tax, the beer license tax, or the
11 wine tax, the department shall distribute those funds appropriated by the legislature. Money that is
12 appropriated for distribution to approved private, ~~nonprofit~~ or public programs on a discretionary basis ~~shall~~
13 must be distributed to those programs that can demonstrate that:

14 (i) the program is achieving the goals and objectives mutually agreed upon by the program and
15 the department; and

16 (ii) the receipt of additional funds would be justified.

17 (b) The remainder of the proceeds ~~shall~~ must be distributed to the counties for use by approved
18 private, ~~nonprofit~~ or public programs. The distribution of these proceeds is statutorily appropriated as
19 provided in 17-7-502 and must be distributed in the following manner:

20 (i) Eighty-five percent ~~shall~~ must be allocated according to the proportion of each county's
21 population to the state's population according to the most recent United States census.

22 (ii) Fifteen percent ~~shall~~ must be allocated according to the proportion of the county's land area
23 to the state's land area.

24 (c) Money distributed under subsection (3) may only be used for purposes pertaining to the
25 problems of alcoholism AND CHEMICAL DEPENDENCY."

26
27 NEW SECTION. SECTION 6. TERMINATION. Section 53-24-108(2), relating to funding co-occurring
28 mental illness and chemical dependency, terminates July 1, 2003.

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30 NEW SECTION. Section 7. Effective date. [This act] is effective ~~July 1, 2001~~ ON PASSAGE AND

1 APPROVAL.

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